

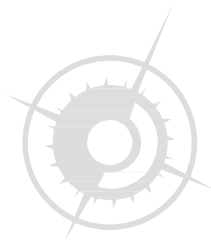
ALBUQUERQUE MEALS ON WHEELS, INC.

Financial Statements
and
Independent Auditors' Report

For the Years Ended
December 31, 2020 and 2019

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SCHLENKER & CANTWELL, P.A.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Albuquerque Meals on Wheels, Inc.

We have audited the accompanying financial statements of Albuquerque Meals on Wheels, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Albuquerque Meals on Wheels, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schlenker & Cantwell, P.A.

SCHLENKER & CANTWELL, P.A.
Certified Public Accountants

April 27, 2021
Albuquerque, New Mexico

ALBUQUERQUE MEALS ON WHEELS, INC.

Statements of Financial Position

December 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 1,557,545	\$ 128,074
Accounts receivable, net of allowance	126,901	81,064
Pledges receivable	103,513	85,182
Inventory	35,871	43,917
Prepaid expenses	9,653	20,802
	<u>1,833,483</u>	<u>359,039</u>
Total current assets	1,833,483	359,039
Property and equipment, net	19,265	15,309
Other assets		
Investments, board designated endowment fund	148,241	136,544
Albuquerque Community Foundation endowment	74,387	67,629
	<u>222,628</u>	<u>204,173</u>
Total other assets	222,628	204,173
Total assets	<u>\$ 2,075,376</u>	<u>\$ 578,521</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 34,273	\$ 62,633
Accrued liabilities	47,610	46,470
	<u>81,883</u>	<u>109,103</u>
Total current liabilities	81,883	109,103
Paycheck Protection Program (PPP) - Refundable Advance	107,923	-
	<u>189,806</u>	<u>109,103</u>
Total liabilities	189,806	109,103
Net assets		
Without donor restrictions		
Undesignated	1,334,070	62,583
Designated endowment fund	148,241	136,544
Designated - other	4,685	4,685
Total net assets without donor restrictions	<u>1,486,996</u>	<u>203,812</u>
With donor restrictions		
Restricted for purpose	353,891	220,923
Restricted in perpetuity	44,683	44,683
Total net assets with donor restrictions	<u>398,574</u>	<u>265,606</u>
Total net assets	<u>1,885,570</u>	<u>469,418</u>
Total liabilities and net assets	<u>\$ 2,075,376</u>	<u>\$ 578,521</u>

See independent auditors' report and notes to the financial statements

ALBUQUERQUE MEALS ON WHEELS, INC.

Statement of Activities and Changes in Net Assets

For the year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Meal delivery	\$ 702,233	\$ -	\$ 702,233
Contributions	1,351,334	514,858	1,866,192
In-kind contributions	256,187	-	256,187
Special events and appeals income	226,450	73,002	299,452
Deli and catering, net	10,528	-	10,528
Board designated endowment income, net	11,697	-	11,697
Perpetual endowment income, net	6,758	-	6,758
Net assets released from restrictions	454,892	(454,892)	-
	<hr/>	<hr/>	<hr/>
Total revenue and support	3,020,079	132,968	3,153,047
Expenses			
Program services			
Meal delivery	1,407,408	-	1,407,408
Deli and catering	35,981	-	35,981
Management and general	108,386	-	108,386
Fundraising	185,120	-	185,120
	<hr/>	<hr/>	<hr/>
Total expenses	1,736,895	-	1,736,895
Changes in net assets	1,283,184	132,968	1,416,152
Net assets, beginning of year	203,812	265,606	469,418
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 1,486,996	\$ 398,574	\$ 1,885,570
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See independent auditors' report and notes to the financial statements

ALBUQUERQUE MEALS ON WHEELS, INC.

Statement of Activities and Changes in Net Assets

For the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Meal delivery	\$ 617,334	\$ -	\$ 617,334
Contributions	282,074	272,868	554,942
In-kind contributions	238,487	-	238,487
Special events and appeals income	95,806	56,372	152,178
Deli and catering	51,356	-	51,356
Board designated endowment loss, net	29,060	-	29,060
Perpetual endowment loss, net	8,917	-	8,917
Net assets released from restrictions	314,050	(314,050)	-
Total revenue and support	1,637,084	15,190	1,652,274
Expenses			
Program services			
Meal delivery	1,316,145	-	1,316,145
Deli and catering	62,866	-	62,866
Management and general	140,791	-	140,791
Fundraising	204,401	-	204,401
Total expenses	1,724,203	-	1,724,203
Changes in net assets	(87,119)	15,190	(71,929)
Net assets, beginning of year	290,931	250,416	541,347
Net assets, end of year	\$ 203,812	\$ 265,606	\$ 469,418

See independent auditors' report and notes to the financial statements

ALBUQUERQUE MEALS ON WHEELS, INC.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Changes in net assets	\$ 1,416,152	\$ (71,929)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	1,351	1,614
Albuquerque Community Foundation earnings	(6,758)	(8,917)
Investment dividends, net	(1,401)	(1,519)
Realized gain on sale of securities	(1,243)	(16,152)
Unrealized gain on marketable securities	(9,053)	(11,389)
(Increase) decrease in operating assets:		
Accounts receivable	(45,837)	(37,323)
Pledges receivable	(18,331)	(16,512)
Inventory	8,046	(19,383)
Prepaid expenses	11,149	4,103
Increase (decrease) in operating liabilities:		
Accounts payable	(28,360)	46,802
Accrued liabilities	1,140	13,100
Paycheck Protection Program (PPP) - Refundable Advance	107,923	-
Net cash provided (used) by operating activities	1,434,778	(117,505)
Cash flows from investing activities		
Purchases of property and equipment	(5,307)	-
Contributions to board designated endowment funds	-	(2,500)
Board designated endowment fund distributions	-	87,210
Albuquerque Community Foundation distribution	-	2,430
Net cash provided by investing activities	(5,307)	87,140
Net increase (decrease) in cash	1,429,471	(30,365)
Cash and cash equivalents, beginning of year	128,074	158,439
Cash and cash equivalents, end of year	<u>\$ 1,557,545</u>	<u>\$ 128,074</u>

See independent auditors' report and notes to the financial statements

ALBUQUERQUE MEALS ON WHEELS, INC.

Statement of Functional Expenses

For the year ended December 31, 2020

	Program Services		Management and General	Fundraising	Total
	Meal Delivery	Deli and Catering			
Personnel expenses					
Salaries	\$ 478,282	\$ 10,039	\$ 30,679	\$ 35,675	\$ 554,675
Payroll taxes	42,424	770	2,206	2,545	47,945
Employee benefits	26,318	577	1,579	1,746	30,220
Total personnel expenses	547,024	11,386	34,464	39,966	632,840
Direct costs of meal program	414,857	7,582	-	-	422,439
Contract and professional fees	81,207	1,681	8,702	86,462	178,052
Occupancy	100,282	10,067	52,169	-	162,518
Donated vehicle mileage	76,301	-	-	-	76,301
Other expenses	32,070	1,425	481	40,559	74,535
Office expenses	55,646	2,183	7,161	7,786	72,776
Equipment	23,603	217	3,055	541	27,416
Insurance	18,210	-	1,354	2,794	22,358
Volunteer expense	21,645	-	-	-	21,645
Bank and service charges	12,653	1,420	-	6,105	20,178
Bad debt expense	12,857	-	-	-	12,857
Advertising	9,702	20	-	907	10,629
Professional development	-	-	1,000	-	1,000
Total expenses before depreciation	1,406,057	35,981	108,386	185,120	1,735,544
Depreciation	1,351	-	-	-	1,351
Total expenses	<u>\$ 1,407,408</u>	<u>\$ 35,981</u>	<u>\$ 108,386</u>	<u>\$ 185,120</u>	<u>\$ 1,736,895</u>

See independent auditors' report and notes to the financial statements

ALBUQUERQUE MEALS ON WHEELS, INC.

Statement of Functional Expenses

For the year ended December 31, 2019

	Program Services		Management and General	Fundraising	Total
	Meal Delivery	Deli and Catering			
Personnel expenses					
Salaries	\$ 433,313	\$ 23,937	\$ 40,772	\$ 30,731	\$ 528,753
Payroll taxes	35,210	1,823	3,669	2,383	43,085
Employee benefits	25,795	720	2,369	1,371	30,255
Total personnel expenses	494,318	26,480	46,810	34,485	602,093
Direct cost of meal program	474,264	22,093	-	-	496,357
Contract and professional fees	10,705	177	28,634	77,510	117,026
Occupancy	98,515	9,889	51,249	-	159,653
Office expenses	43,396	462	8,029	9,992	61,879
Donated vehicle mileage	78,165	-	-	-	78,165
Other expenses	19,116	1,339	288	68,226	88,969
Equipment	27,751	381	2,340	483	30,955
Insurance	16,189	-	1,676	-	17,865
Volunteer expense	22,708	-	-	-	22,708
Bank and service charges	8,926	2,045	-	1,996	12,967
Bad debt expense	871	-	-	-	871
Advertising	15,363	-	-	11,709	27,072
Professional development	4,244	-	1,765	-	6,009
Total expenses before depreciation	1,314,531	62,866	140,791	204,401	1,722,589
Depreciation	1,614	-	-	-	1,614
Total expenses	<u>\$ 1,316,145</u>	<u>\$ 62,866</u>	<u>\$ 140,791</u>	<u>\$ 204,401</u>	<u>\$ 1,724,203</u>

See independent auditors' report and notes to the financial statements

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 1 - NATURE OF ORGANIZATION

Albuquerque Meals on Wheels, Inc. (the Organization), is a New Mexico nonprofit organization that was formed in 1972. Its mission is to nourish bodies and spirits with balanced meals and friendship. The Organization prepares and delivers nutritious meals to homebound disabled and elderly members of the community to ensure their dietary health and other needs are met. There are no restrictions on age or disability, and clients may or may not be homebound while receiving services. The Organization is currently the only home delivered meal program in the Greater Albuquerque Area preparing special medical diets.

The Organization's programs include Low Income Food Enrichment (LIFE), which provides meals to homebound clients at no charge, or at a reduced charge. These meals are subsidized by grants and donations, and clients' eligibility for this program is based on household income requirements. The mission of the Organization is largely accomplished by the volunteers who deliver meals each day, and care for those on their routes. Currently, the Organization serves over 122,000 meals annually.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Presentation

The Organization's financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 2016-14, *Not-for-Profit Entities, Presenting Financial Statements*. Under ASC 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Organization is required to present a statement of cash flows and statement of functional expenses.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Major estimates of the Organization include depreciable lives and estimated residual value of property and equipment.

Concentrations of Credit Risk

The Organization maintains its cash balances in various financial institutions located in Albuquerque, New Mexico. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times the Organization's cash balances have exceeded federally insured limits. As of December 31, 2020 and 2019, there were \$1,197,017 and zero of uninsured balances, respectively. Management does not consider there to be significant risk from uninsured balances.

Financial Instruments

The carrying amounts of cash, receivables, payables, accrued expenses, and other liabilities approximate fair value due to the short maturity periods of these instruments.

New Accounting Pronouncements

Changes in Revenue Recognition for Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The guidance requires the Organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. ASU 2014-09 requires organizations to exercise more judgment and recognize revenue using a five-step process. The Organization adopted the requirements of the new guidance retrospectively to all periods presented in this report. Adoption of the new guidance did not result in significant changes to the accounting policies for revenue recognition, receivables, and deferred revenues since most of the Organization's revenue sources are not included in the scope of ASU 2014-09.

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

Changes in Not for Profit Entities

The Organization adopted the FASB's Accounting Standards Update (ASU) No. 2018-08 – *Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update provides a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. To accomplish this, the ASU clarifies how a not-for-profit organization determines whether a resource provider is receiving value in return for the resources transferred based on the following criteria:

- A resource provider (including a private foundation, a government agency, or other) is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider.
- Execution of a resource provider's mission or the positive sentiment from acting as a donor would not constitute commensurate value received by a resource provider for purposes of determining whether a transfer of assets is a contribution or an exchange.

In addition, this ASU also requires an organization to determine whether a contribution is conditional based on whether the agreement includes a barrier that must be overcome or whether a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Functional Expense Allocation

Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Common costs are allocated among the classifications benefited based upon estimated usage.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly-liquid investments with original maturity dates of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable consist of amounts due from customers for services rendered. Management reviews the collectability of its receivables and records a reserve for its estimate of uncollectible accounts. Historical bad debts and current facts and circumstances are the primary bases for this estimate.

The Organization had bad debt expense of \$12,857 and \$871 for the years ended December 31, 2020 and 2019, respectively. An allowance in the amount of zero has been recorded as of December 31, 2020 and 2019.

Inventory

Inventory is stated at lower of cost or market determined by the first-in, first-out method.

Property and Equipment

Purchased property and equipment is recorded at cost. Donated property is recorded at the estimated fair value at the date of donation. Assets are capitalized that have a cost in excess of \$1,500 and an estimated useful life in excess of two years. Maintenance, repairs, and renewals, which neither materially add to the value nor appreciably prolong its life, are expensed. Depreciation is computed using primarily the straight-line method over the estimated useful life of the assets ranging five to seven years.

Investments

Investments in equity securities with readily-determinable fair values and all investments in debt securities are measured at fair values in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. If restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized, the investment income is reported as without donor restrictions.

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization has received tax-exempt status under Code Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted accounting principles generally accepted in the United States of America as they related to uncertain tax positions for the year ended December 31, 2020, and has evaluated its tax positions taken for all open tax years.

Management believes that the activities of the Organization are within their tax-exempt purpose, and that there are no uncertain tax positions.

Revenue and Support

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is received.

All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets.

Unconditional and Conditional Promises to Give

Contributions received, including unconditional promises to give, are recognized at fair value as revenues in the period received. Additionally, contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

Donated Materials and Services

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specified purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Materials and Services (continued)

Donated services are recognized as contributions in accordance with FASB ASC 958-605 *Revenue Recognition*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, performed by people with those skills, which would otherwise be purchased by the Organization. No amounts have been recorded in the financial statements as they do not meet the criteria for recognition; however, a substantial number of volunteers have donated significant amounts of their time to the Organization's programs.

Advertising

The costs of advertising are expensed as incurred. Advertising expenses incurred for the years ended December 31, 2020 and 2019 were \$10,629 and \$27,072, respectively.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 3 - PLEDGES RECEIVABLE

Bad debt history and current facts and circumstances are the primary bases for this estimate. When a pledge is deemed uncollectible, it is charged off against the allowance. There were no pledges deemed uncollectible as of December 31, 2020 and 2019. The Organization evaluated the discount for the time value of money and determined that the present value of pledges receivable approximates their recorded value as of December 31, 2020 and 2019, therefore no discount has been recorded.

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Equipment and furnishings	\$ 72,326	\$ 72,902
Vehicles	49,181	49,181
Total property and equipment	121,507	122,083
Accumulated depreciation	(102,242)	(106,774)
Property and equipment, net	<u>\$ 19,265</u>	<u>\$ 15,309</u>

Depreciation expense totaled \$1,351 and \$1,614 for the years ended December 31, 2020 and 2019, respectively.

NOTE 5 - INVESTMENTS, BOARD DESIGNATED ENDOWMENT FUND

The cost, fair value, and unrealized depreciation of investments as of December 31, 2020, are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Cash equivalents	\$ 67,639	\$ 67,639	\$ -
Mutual funds	57,139	79,109	21,970
Equity securities	911	1,493	582
Total investments	<u>\$ 125,689</u>	<u>\$ 148,241</u>	<u>\$ 22,552</u>

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 5 - INVESTMENTS, BOARD DESIGNATED ENDOWMENT FUND (continued)

Investment income consists of the following for the year ended December 31, 2020:

Dividends and interest income	\$	1,701
Realized gains		1,243
Unrealized gains		<u>9,053</u>
Total investment gains		11,997
Investment fees		<u>(300)</u>
Net investment income	\$	<u><u>11,697</u></u>

The cost, fair value, and unrealized depreciation of investments as of December 31, 2019, are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Cash equivalents	\$ 66,170	\$ 66,170	\$ -
Mutual funds	<u>57,150</u>	<u>70,374</u>	<u>13,224</u>
Total investments	<u>\$ 123,320</u>	<u>\$ 136,544</u>	<u>\$ 13,224</u>

Investment loss consists of the following for the year ended December 31, 2019:

Dividends and interest income	\$	3,935
Realized gains		16,152
Unrealized gains		<u>11,389</u>
Total investment gains		31,476
Investment fees		<u>(2,416)</u>
Net investment income	\$	<u><u>29,060</u></u>

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 6 - BOARD DESIGNATED NET ASSETS

Net assets without donor restrictions have been designated for the following as of December 31:

	<u>2020</u>	<u>2019</u>
UNA Funds	\$ 1,792	\$ 1,792
UNA Estate	2,893	2,893
Endowment Fund	148,241	136,544
Total designated net assets	<u>\$ 152,926</u>	<u>\$ 141,229</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose		
LIFE	\$ 241,091	\$ 189,557
Love on a Leash	33,912	17,386
Local Harvest	17,501	10,001
Kitchen	99	1,219
Other	61,288	2,760
Restricted in perpetuity	44,683	44,683
Total net assets with donor restrictions	<u>\$ 398,574</u>	<u>\$ 265,606</u>

NOTE 8 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from donor restrictions consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
LIFE	\$ 273,338	\$ 294,719
Local Harvest	-	13,999
Love on a Leash	3,663	3,519
Kitchen	1,120	1,344
Other	176,771	469
Total net assets released from donor restrictions	<u>\$ 454,892</u>	<u>\$ 314,050</u>

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 9 - ENDOWMENTS

The Organization's endowment funds include both donor-restricted and Board designated assets. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted net assets include monies designated for endowment purposes pursuant to the Board of Director's resolution and monies that have been appropriated for expenditures but are retained in the investment portfolio to earn better returns.

Endowment Net Assets Composition by Type of Fund as of December 31, 2020:

	Board Designated	Restricted for Time or Purpose	Restricted in Perpetuity	Total
Donor-restricted endowment funds	\$ -	\$ 29,704	\$ 44,683	\$ 74,387
Board designated endowment funds	148,241	-	-	148,241
Total	\$ 148,241	\$ 29,704	\$ 44,683	\$ 222,628

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2020:

	Board Designated	Restricted for Time or Purpose	Restricted in Perpetuity	Total
Endowment net assets, beginning of year	\$ 136,544	\$ 22,946	\$ 44,683	\$ 204,173
Investment return:				
Dividends and interest income	2,644	741	-	3,385
Net appreciation (realized and unrealized)	9,053	6,017	-	15,070
Total investment return	11,697	6,758	-	18,455
Appropriation of endowment assets for expenditure	-	-	-	-
Other changes:				
Contributions	-	-	-	-
Endowment net assets, end of year	\$ 148,241	\$ 29,704	\$ 44,683	\$ 222,628

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 9 - ENDOWMENTS (continued)

Endowment Net Assets Composition by Type of Fund as of December 31, 2019:

	Board Designated	Restricted for Purpose	Restricted in Perpetuity	Total
Donor-restricted endowment funds	\$ -	\$ 22,946	\$ 44,683	\$ 67,629
Board designated endowment funds	136,544	-	-	136,544
Total	\$ 136,544	\$ 22,946	\$ 44,683	\$ 204,173

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2019:

	Board Designated	Restricted for Time or Purpose	Restricted in Perpetuity	Total
Endowment net assets, beginning of year	\$ 192,194	\$ 16,459	\$ 44,683	\$ 253,336
Investment return:				
Dividends and interest income	17,671	190	-	17,861
Net depreciation (realized and unrealized)	11,389	8,727	-	20,116
Total investment return	29,060	8,917	-	37,977
Appropriation of endowment assets for expenditure	(87,210)	(2,430)	-	(89,640)
Other changes:				
Contributions	2,500	-	-	2,500
Endowment net assets, end of year	\$ 136,544	\$ 22,946	\$ 44,683	\$ 204,173

Interpretation of Relevant Law

The Organization complies with the New Mexico Uniform Prudent Management of Institutional Funds Act (UPMIFA) and has adopted its statement of investment policy in accordance with UPMIFA. The Organization classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets restricted for time or purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence.

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 9 - ENDOWMENTS (continued)

Interpretation of Relevant Law (continued)

The Organization considers the following factors in making the determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation/depreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include Board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed consumer price index (CPI) plus 4%, net of expenses, while assuming a moderate level of investment risk. The Organization recognizes the need to accept the inherent risks of various investments, including the diminution of principal during periodic market fluctuations. The Organization will assess the portfolio as a whole in measuring risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowments while seeking to maintain the purchasing power of the endowments. In determining the prudent amount to distribute in a given year, the Organization considers the donor's intent that the fund continues in perpetuity, the purpose of the fund as stated in the fund agreement and relevant economic factors. The Organization's current spending policy is to distribute an amount as determined each year by the Board of Directors.

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 9 - ENDOWMENTS (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund in perpetuity. In accordance with accounting principles generally accepted in the United States of America, the deficiencies are reported as unrestricted net assets. There were no such deficiencies as of December 31, 2020 and 2019.

NOTE 10 - FAIR VALUE MEASUREMENT

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include: Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Although not required, the table below includes cash restricted for long-term purposes to reconcile the tables to the statements of financial position.

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 10 - FAIR VALUE MEASUREMENT (continued)

Money Market Funds: Valued at the net asset value for shares held by the Organization as of year-end as determined by quoted market prices.

Mutual funds and equity securities: Valued at the net asset value for shares held by the Organization as of year-end as determined by quoted market prices.

Albuquerque Community Foundation (ACF) funds: Valued at the net realizable value for shares held by the Organization as of year-end as determined by quoted market prices.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020:

Description	Level 1	Level 2	Level 3	Total
Money market funds	\$ 67,639	\$ -	\$ -	\$ 67,639
Mutual funds	79,109	-	-	79,109
Equity securities	1,493	-	-	1,493
ACF funds	-	74,387	-	74,387
Total fair market value	<u>\$ 148,241</u>	<u>\$ 74,387</u>	<u>\$ -</u>	<u>\$ 222,628</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019:

Description	Level 1	Level 2	Level 3	Total
Money market funds	\$ 66,170	\$ -	\$ -	\$ 66,170
Mutual funds	70,374	-	-	70,374
ACF funds	-	67,629	-	67,629
Total fair market value	<u>\$ 136,544</u>	<u>\$ 67,629</u>	<u>\$ -</u>	<u>\$ 204,173</u>

NOTE 11 - SUPPLEMENTAL DISCLOSURE OF CASH FLOWS

The Organization was not under obligation to pay interest or income taxes for the years ended December 31, 2020 and 2019. The Organization did not have any non-cash transaction activity for the years ended December 31, 2020 and 2019.

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 12 - LIQUIDITY AND AVAILABILITY

The Organization receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Organization receives support without donor restrictions, which represented approximately 81% and 80% of annual program funding in 2020 and 2019, respectively, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

The Organization considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

As part of the Organization's liquidity management, it ensures its financial assets are available as its general expenditures, liabilities and other obligations come due. As of December 31, 2020 and 2019, the Organization had a working capital of approximately \$1,751,600 and \$249,936 and average days cash on hand of 327 days and 27 days, respectively.

The Organization manages its cash available to meet general expenditures following two guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that obligations and commitments that support mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 12 - LIQUIDITY AND AVAILABILITY (continued)

Financial assets available for general expenditures within one year as of December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets as of year end:		
Cash and cash equivalents	\$ 1,557,545	\$ 128,074
Accounts receivable, net of allowance	126,901	81,064
Pledges receivable	103,513	85,182
Investments, board designated endowment fund	148,241	136,544
Albuquerque Community Foundation endowment	<u>74,387</u>	<u>67,629</u>
Total financial assets	2,010,587	498,493
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(398,574)	(265,606)
Plus net assets with purpose restrictions expected to be met within one year	<u>300,000</u>	<u>200,000</u>
Total financial assets available for general expenditures within one year	<u>\$ 1,912,013</u>	<u>\$ 432,887</u>

NOTE 13 - LEASES

The Organization currently has operating leases for equipment that will expire at various dates through 2025. Rental expenses related to the operating leases totaled \$7,213 and \$5,586 for the years ended December 31, 2020 and 2019, respectively, and are included in "Equipment" in the statements of functional expenses. Minimum future lease payments under these operating leases are as follows for the years ended December 31:

2021	\$ 6,764
2022	5,868
2023	5,868
2024	5,868
2025	<u>2,934</u>
Total	<u>\$ 27,302</u>

ALBUQUERQUE MEALS ON WHEELS, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

NOTE 14 - RETIREMENT PLAN

The Organization formed a 403(b) plan in 2004 for its employees. Employees are eligible to participate at their date of hire. The plan does not match any of the employee's contributions.

NOTE 15 - SUBSEQUENT EVENTS

The Organization evaluated subsequent events after the balance sheet date of December 31, 2020, through April 27, 2021, which was the date the financial statements were available to be issued, to determine whether such events should be recorded or disclosed in the financial statements for the year ended December 31, 2020.

In December 2019, the World Health Organization declared the outbreak from the novel strain of coronavirus to constitute a "Public Health Emergency of International Concern". The outbreak has resulted in a disruption of supply chains, production, and sales across a broad range of industries. The extent of the impact on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on customers, donors, employees, and vendors, all of which are uncertain and cannot be predicted. The extent to which the outbreak may impact the Organization's financial condition and results of operations is uncertain.